

March 14, 2013

STATEMENT OF
PAUL CHAUSSE, DIRECTOR OF REVENUE CYCLE
REGARDING RAISED BILL NO. 1074

1. For almost twenty years, Lawrence and Memorial Hospital has operated under a system under which we negotiate contracts with insurance companies or preferred provider organizations in all areas including workers' compensation.
2. This continues until today except for a small number of clients of Fairpay Solutions.
3. In approximately 2007, Fairpay Solutions arrived on the scene. Instead of negotiating contracts, Fairpay's clients began paying deeply discounted rates based upon Fairpay's interpretation of costs.
4. Their payments are consistently below what a completely uninsured, indigent person would pay to the hospital.
5. We tried to negotiate or even get an explanation of how they arrived at what they paid - without success.
6. When we tried to discuss this with the insurance companies or self-insured employers, we were told to take it up with Fairpay.
7. When we could get no satisfactory answers, we turned the matter over to our attorneys.
8. Four test cases were selected and the Workers' Compensation Commissioner, David Schoolcraft, ruled in our favor in a 21 page opinion. Commissioner Schoolcraft ruled that workers compensation carriers, like all other non-governmental payors including health insurers, must negotiate a rate of reimbursement



with hospitals before services are provided, or they are required to pay the hospitals published charges.

9. The matter is now before the Compensation Review Board.

10. Fairpay lost and now is turning to you to snatch victory from the jaws of defeat.

11. Their practices have been completely unfair. You don't need to be a lawyer to conclude that no one ever intended a workers' compensation carrier to pay less than an uninsured company.

12. We are a non-profit community hospital. We operate on razor thin margins.

13. Don't reward Fairpay Solutions. Let the process work.

I urge the Labor and Public Employees Committee and the Legislature to Reject Raised Bill No. 1074.